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February 14, 2011

C. Dukes Scott, Executive Director  
John Flitter, Director of Electric and Gas Regulation  
Shannon Bowyer Hudson, Esquire  
Office of Regulatory Staff  
1401 Main Street, Suite 900  
Columbia, SC 29201

Re: Quarterly Report of SCE&G ~~Concerning Construction of V.C. Summer Nuclear Station~~  
Units 2 and 3

Dear Mr. Scott:

Enclosed please find South Carolina Electric & Gas Company's (the "Company" or "SCE&G") Quarterly Report (the "Report") for the period ending December 31, 2010, related to the construction of V.C. Summer Nuclear Station Units 2 and 3 (the "Units").

This Report is filed pursuant to the Base Load Review Act, S.C. Code Ann. § 58-33-277 (Supp. 2010) and the provisions of Order No. 2009-104(A) of the Public Service Commission of South Carolina (the "Commission"). As you are aware, on November 15, 2010, the Company filed with the Commission a Petition for Updates and Revisions to Capital Cost Schedules, in Docket No. 2010-376-E (the "Petition"). As set forth on Exhibit 1 to the Petition, the Company has removed \$438,291,000 in owner's capital cost contingencies from its cost projections in response to the South Carolina Supreme Court opinion in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, 388 S.C. 486, 697 S.E.2d 587 (2010) (the "Opinion"). In addition, the Petition also includes approximately \$174 million in capital costs that the Company has identified and itemized to specific cost items in the capital cost forecast for the project. The Petition also updates the cash flow projections for the project to take into account all changes in the timing of cash flow requirements resulting from such things as changes in project construction schedules and shifts in milestone dates. The Report and the financial analysis it represents reflect the cost projections contained in the Petition with certain updates as described more fully in the Report.

Because the Report contains certain commercially sensitive information, SCE&G is filing both redacted (Public) and unredacted (Confidential) versions of this Report. For your convenience, SCE&G is providing two (2) copies of the Public version of this Report. In addition, we are providing you with ten (10) copies of the Confidential version of this Report. The Confidential version of this Report is being submitted to you pursuant to the

Confidentiality Agreement entered into between the South Carolina Office of Regulatory Staff ("ORS") and SCE&G on July 21, 2009.

SCE&G submits that the information designated as confidential is entitled to protection from public disclosure under the S.C. Rules of Civil Procedural and is exempt from public disclosure under S.C. Code Ann. § 30-4-10, *et seq.* Accordingly, the Confidential version of this Report contains unredacted versions of **Appendix 2, Chart A** and **Appendix 3** and is being provided to you pursuant to S.C. Code Ann. § 58-4-55(c) (Supp. 2008) such that ORS may fulfill its statutory obligation under S.C. Code Ann. § 58-33-277(B). SCE&G intends to file the Confidential version of this Report with the Commission and will seek an appropriate protective order.

SCE&G looks forward to working with the ORS in its review and audit of this information. If you have any questions regarding these matters, please advise.

Sincerely,



Belton T. Zeigler

Enclosures

cc: K. Chad Burgess, Esquire